

Message Text

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C O N F I D E N T I A L VIENNA 9865

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: AUSTRIA: RECENT MIDDLE EAST DEVELOPMENTS AND ENERGY
SITUATION

REF: A. STATE 231853; B. VIENNA 8326

1. GOA SEIZED OPPORTUNITY GENERATED BY RECENT MIDDLE EAST DEVELOPMENTS TO PLAY WHAT IS CONSIDERS MORE DYNAMIC ROLE IN ASSISTING IN RESOLVING MIDDLE EAST CONFLICT AND, BY EXTENSION, IN PROMOTING OF EAST-WEST DETENTE. VARIOUS MOVES UNDERTAKEN BY GOA (AUSTRIAN CONTINGENT TO UNEF, ACTIONS IN SECURITY COUNCIL, ATTEMPT BY KREISKY TO GET ARAB "SOCIALISTS" INTO SOCIALIST INTERNATIONAL) HAVE BEEN IN SUPPORT OF AUSTRIAN POLICY OF "ACTIVE NEUTRALITY".

2. CUMULATIVE EFFECT OF GOA MOVES, TOGETHER WITH IMPACT OF RECENT ARAB TERRORIST INCIDENT AND KREISKY DECISION TO CLOSE SCHOENAU TRANSIT CAMP AFTER ALTERNATE FACILITY ESTABLISHED, HAS BEEN TO MOVE AUSTRIA AWAY FROM ITS EARLY POST-1967 PRO-ISRAELI STANCE. ONE IMMEDIATE RESULT THEREOF HAS BEEN INFORMAL INDICATIONS BY ARAB COUNTRIES THAT AUSTRIA NEED NOT FEAR ARAB OIL BOYCOTT.

3. GOVERNMENT HAS BEEN PUBLICLY CRITICAL OF
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CARPING OF WESTERN EUROPEAN (WE) COUNTRIES OVER

US ACTIONS AND INITIATIVES IN MIDDLE EAST AND HAS PRIVATELY EXPRESSED DISDAIN OVER WHAT TERMED EC-9 DECLARATION. IN GOA VIEW, WE INABILITY TO COME TO GRIPS WITH MIDDLE EAST DEVELOPMENTS WAS REGRETTABLE CONFIRMATION OF CORRECTNESS OF AUSTRIAN POSITION, PUT FORWARD OVER THE YEARS, THAT WE POWERS SHOULD HAVE DISCUSSED MIDDLE EAST SITUATION IN EUROPEAN FORUMS (CSCE, WE) AT EARLIER DATE.

4. ON DOMESTIC FRONT, GOA HAS TAKEN GENERALLY CONFIDENT PUBLIC STANCE ON ITS ABILITY TO DEAL WITH ENERGY PROBLEM OVER COMING MONTHS. AUSTRIA CAN COVER 25-30 PERCENT OF TOTAL OIL PRODUCT REQUIREMENTS FROM DOMESTIC OIL WELLS. ALSO, AUSTRIA CONTINUES TO RECEIVE CRUDE FROM ITS PRINCIPAL SUPPLIERS (IRAQ, IRAN, LIBYA, USSR AND SAUDI ARABIA). ON THE OTHER HAND, HEAVY RELIANCE ON IMPORTS OF REFINED OIL PRODUCTS FROM ITALY AND GERMANY HAS GENERATED ANXIETY ABOUT FUTURE SITUATION AND IT CAN NOW BE ANTICIPATED THAT GOA MAY SOON HAVE TO INSTITUTE MEASURES SAME OR SIMILAR TO THOSE TAKEN BY ITS NEIGHBORS.

5. IMPACT OF CURRENT SITUATION HAS NOT YET MANIFESTED ITSELF ON RATE OF INDUSTRIAL ACTIVITY AND EMPLOYMENT. HOWEVER, GOVERNMENT OFFICIALS ARE PRIVATELY CONCERNED THAT 1974 COULD BRING DOWNTURN IN ECONOMIC ACTIVITY DUE TO ENERGY BOTTLENECKS. THERE IS EVEN GREATER CONCERN ABOUT PRESSURE ON PRICES AND DEBILITATING EFFECTS OF STAGFLATION. THE SECTOR LIKELY TO FEEL IMMEDIATE EFFECT OF OIL CRISIS WILL BE TOURISM, WHICH IS MOST IMPORTANT ITEM IN AUSTRIAN BALANCE OF PAYMENTS.

6. THERE IS NO ASSURANCE THAT AUSTRIA'S NEUTRAL POSTURE CAN INSULATE THE COUNTRY AGAINST INCREASED OIL PRICES OR THE SUPPLY SQUEEZE BEING FELT ELSEWHERE IN EUROPE. FOR THAT REASON, GOA LIKELY WILL TAKE FAR-REACHING MEASURES TO EXPAND AND DIVERSIFY AUSTRIA'S ENERGY RESOURCES THROUGH

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VARIETY OF MEASURES THAT WILL RANGE FROM STOCK-PILING TO POSSIBLE CONSTRUCTION OF ADDITIONAL REFINERY FACILITIES TO SERVE WESTERN AUSTRIA AND STEPPED-UP PLANS FOR ADDITIONAL NUCLEAR POWER PLANTS.HUMES

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